

RESOLUTION NO. 05-2022

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFICA
APPROVING THE LEASE AGREEMENT BETWEEN THE CITY OF PACIFICA AND AMY
AND PAUL KUKIELKA FOR THE PREMISES LOCATED AT 2100 BEACH BOULEVARD
(LOCATED AT THE PACIFICA PIER).**

WHEREAS, City is the owner of the property located at 2100 Beach Boulevard, Pacifica, California, depicted on Exhibit A attached hereto; and

WHEREAS, Paul and Amy Kukielka have leased the premises located on this property for 16 years, functioning as a retail cafe; and

WHEREAS, Paul and Amy Kukielka wish to lease the premises from the City for three years with two options to extend the lease, each for an additional one year term, if both parties agree to such extensions; and

WHEREAS, The City desires to implement a Lease Agreement with the Paul and Amy Kukielka for use of the premises;

NOW, THEREFORE, THE PACIFICA CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

1. The City Council hereby finds that the Lease is exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to the statute (Public Resources Code Section 21000, et seq.) and the CEQA Guidelines (14 Cal. Code Regs. 15000 et. seq.), under Section 15301 as a Class 2 Categorical Exemption as there will be no expansion of previous use beyond that existing at the time of the City's determination.
2. The City Council hereby approves the Tenant Lease with Paul and Amy Kukielka in substantially in the form attached hereto as Exhibit B.
3. The City Manager is hereby authorized to execute the Tenant Lease Agreement in the form attached hereto as Exhibit B, with minor revisions that may be approved by the City Manager and City Attorney, and to execute any other necessary documents to effectuate the terms of the Tenant Lease Agreement and take all steps necessary to carry it into effect.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Pacifica, California, held on January 24, 2022 by the following vote of the members thereof:

AYES, Councilmembers: Beckmeyer, Bier, Bigstycck, O'Neill, Vaterlaus.

NOES, Councilmembers: n/a

ABSENT, Councilmembers: n/a

ABSTAIN, Councilmembers: n/a


Mary K. Bier (Jan 29, 2022 21:42 PST)

Mary Bier, Mayor

ATTEST:



Sarah Coffey, City Clerk

APPROVED AS TO FORM:



Michelle Kenyon, City Attorney

EXHIBIT A

TENANT LEASE

By and Between

CITY OF PACIFICA
a municipal corporation of the State of California
("Landlord")

and

Paul Kukielka and Amy Kukielka, dba Chit Chat Café
(collectively, "Tenant")

Dated: January 24, 2022

TENANT LEASE

BASIC LEASE INFORMATION

1. Tenant: **Paul Kukielka and Amy Kukielka, dba Chit Chat Café,**
2100 Beach Boulevard
Pacifica, California 94044
Phone: (510) 610-4609

2. Landlord: City of Pacifica, a California municipal corporation
170 Santa Maria Avenue
Pacifica, CA 94044
Phone: (650) 738-7301
Facsimile: (650) 359-6038
Attention: City Manager

3. Premises: Approximately 623 Square feet of the southerly half of that certain building located on the inland portion of the Rev. Herschell Harkins Memorial Pacifica Pier (commonly known as the Pacifica Pier), 2100 Beach Boulevard, Pacifica, California, as depicted in Exhibit A attached hereto

4. Use: Café (e.g., beverages and light fare), ancillary sale of gift and souvenir items consistent with a retail café operation (e.g., postcards, mugs, tee shirts), and sale of frozen bait

5. Term: Three years, with two optional extensions, each for an additional one-year term, if both parties agree to such extensions

6. Lease Commencement Date: January 24, 2022 ("**Commencement Date**").

7. Rent Commencement Date: February 1, 2022 ("**Rent Commencement Date**").

8. Base Rent: The initial monthly rent shall be \$1,402.67, for an annualized total rent of \$16,832.04 in the first year of the initial term. Rent will increase three percent (3%) annually on the anniversary of the Lease Commencement Date for the duration of the Lease. Tenant is separately responsible for paying for utilities and services (including electric, water and sewer).

The Basic Lease Information set forth above and the Exhibits attached hereto are incorporated into and made a part of the following Lease. Each reference in this Lease to any of the Basic Lease Information shall mean the respective information above and shall be construed to incorporate all of the terms provided under the particular Lease section pertaining to such information. In the event of any conflict between the Basic Lease Information and the provisions of the Lease, the latter shall control.

This Lease Agreement (this “**Lease**”) is made and entered into effective as of January 24, 2022 (“**Effective Date**”) by and between the City of Pacifica, a California municipal corporation (“**Landlord**”) and Paul Kukielka and Amy Kukielka, sole proprietors, dba Chit Chat Cafe (collectively, “**Tenant**”).

1. **PREMISES.**

1.1 **Premises.** Landlord is the lessor of the real property named the Rev. Herschell Harkins Memorial Pacifica Pier, with a street address of 2100 Beach Boulevard, Pacifica, California 94044, commonly known as the Pacific Pier, a portion of which is depicted on **Exhibit A** attached hereto and incorporated herein by this reference (the “**Property**”). The Property includes a building adjacent to Beach Boulevard (the “**Building**”). Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and subject to the covenants, conditions and uses stated herein, approximately 623 square feet of gross floor space located within the northerly portion of the Building, as depicted on Exhibit A (the “**Premises**”). The Premises shall not include the public restroom facilities located on the south facing side of the building. The Premises are leased on an “AS-IS” basis, “WITH ALL FAULTS,” with all furniture, fixtures and equipment located within the Premises as of the Commencement Date (except such as are already owned by Tenant), also being subject to this Lease. Landlord reserves the use of the roof and exterior walls, together with the right from time to time to install, maintain, use and replace utility lines, pipes, conduits, ducts, wires and the like under, over or through the Premises in locations which will not materially interfere with Tenant’s use thereof.

1.2 **Public Area.** Tenant may, subject to rules made by Landlord, and on a non-exclusive basis, use those areas on the Property exterior to the Building designated by Landlord from time to time for the common use of Landlord and members of the public, such as patio and other public areas adjacent to the Building (the “**Public Area**”). Landlord has sole discretion to determine the design and location of the Public Area and to determine the manner in which the Public Area is maintained and operated. The Public Area does not include space within Tenant’s Premises.

1.3 **Reserved Rights.**

1.3.1 **Landlord’s Right of Entry.** Landlord reserves the right to enter the Premises upon reasonable notice to Tenant (except that advance notice shall not be required in case of an emergency) for the following purposes: (i) to inspect the condition of the Premises; (ii) to ascertain the performance by Tenant of the terms and conditions hereof; (iii) to respond to an emergency at the Premises; (iv) to maintain, inspect and repair the Premises to the extent required or permitted under this Lease; (v) to post notices of non-responsibility for alterations,

additions or repairs undertaken by Tenant; and (vi) to show the Premises to prospective tenants or purchasers or persons acting on their behalf; (vii) to post a leasing sign in or about the Premises; and (viii) to perform any other right or duty of Landlord under this Lease. Landlord may exercise this right of entry without any rent credit to Tenant for any loss of occupancy or quiet enjoyment of the Premises.

1.3.2 Building Alteration. Landlord reserves the right to redesign, reconstruct, expand, enlarge, reconfigure, or otherwise alter the Building during Tenant's occupancy ("**Building Alteration**"). Landlord shall provide Tenant with no less than thirty (30) days' prior written notice of the expected start date for the Building Alteration, together with a copy of the general contractor's construction schedule. Landlord will also provide Tenant with updated construction schedule(s) as received from the general contractor. Landlord and Tenant acknowledge that the Building Alteration and related work will result in such noise, dust, debris, and other inconveniences normally associated with construction projects of that type. In order to diminish such inconveniences, Landlord will add language to the Building Alteration construction contract requiring the general contractor to use its good faith best efforts to minimize disruptions to Tenant, and to require its subcontractor(s) to do the same. Building Alteration or related work shall not constitute a default of Landlord under this Lease, nor be considered or construed as an unreasonable interference with Tenant's use, enjoyment or occupancy of the Premises. This section does not create any obligation on Landlord's part to make any efforts to undertake, construct, substantially complete, market or lease the Building Alteration premises, or any portion thereof.

1.3.3 Additional Reserved Rights. In addition, Landlord reserve(s) the right upon reasonable notice to Tenant (except that advance notice shall not be required in case of an emergency) to undertake the following: (i) install, use, maintain, repair, alter, relocate or replace any improvements in the Public Area; (ii) grant easements encumbering the Property which do not unreasonably interfere with Tenant's use of the Premises and dedicate for public use portions thereof; and (iii) affix reasonable signs and displays.

1.4 Compliance with ADA. Notwithstanding anything to the contrary contained in this Lease, Landlord and Tenant agree that responsibility for compliance with the Americans With Disabilities Act of 1990, as amended (the "ADA") shall be allocated as follows: (i) Landlord shall be responsible for compliance with the provisions of Title III of the ADA for all Common Areas, including exterior and interior areas of the Building not included within the Premises or the premises of other tenants; (ii) Landlord shall be responsible for compliance with the provisions of Title III of the ADA for any construction, renovations, alterations and repairs made within the Premises if such construction, renovations, alterations or repairs are made by Landlord, its employees, agents or contractors, at the direction of Landlord or done pursuant to plans and specifications prepared or provided by Landlord or Landlord's architect or space planner; (iii) Tenant shall be responsible for compliance with the provisions of Title III of the ADA for any construction, renovations, alterations and repairs made within the Premises if such construction, renovations, alterations and repairs are made by Tenant, its employees, agents or contractors, at the direction of Tenant or done pursuant to plans and specifications prepared or provided by Tenant or Tenant's architect or space planner.

1.4.1 Accessibility Disclosure. Landlord hereby advises Tenant that the Premises has not undergone an inspection by a certified access specialist, and except to the extent expressly set forth in this Lease, Landlord shall have no liability or responsibility to make any repairs or modifications to the Premises in order to comply with accessibility standards. The following disclosure is hereby made pursuant to applicable California law:

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.” [Cal. Civ. Code Section 1938(e)]. Any CASp inspection shall be conducted in compliance with reasonable rules in effect at the Building with regard to such inspections and shall be subject to Landlord’s prior written consent.

1.5 Lease Subordination. Notwithstanding anything to the contrary set forth herein, this Lease is subordinate and subject to any leasehold, license, or other property right or permission the Landlord has with the State of California State Lands Commission (“**Commission**”) authorizing the possession, occupancy and use of the tidal and submerged lands by the Landlord. In the event of a conflict between this Lease and any lease, license, or other similar document between the Landlord and the Commission, the document between the Landlord and the Commission shall control.

2. TERM.

2.1 Lease Commencement Date. The initial term of this Lease shall be for a period of three years commencing on the Effective Date (“**Initial Term**”). Any reference to “**Term**” in this Lease shall include the Initial Term and Extension Terms where Tenant and Landlord have extended the Lease pursuant to Section 2.2.

2.2 Optional Extensions.

2.2.1 Provided that (i) Tenant is not in default under the terms of this Lease at the time each optional extension is exercised or at the commencement of the applicable Extension Term (defined below), and (ii) Tenant has not been in default more than twice in any 12-month period, Landlord and Tenant may mutually agree to renew this Lease for an additional one-year period (each, an “**Extension Term**”), for a total of two Extension Terms. The first Extension Term shall commence, if at all, upon the expiration of the Initial Term and end twelve

months later (“**First Extended Term**”). The second Extension Term shall commence, if at all, upon the expiration of the First Extended Term and end twelve months later (“**Second Extended Term**”). There shall be no additional extension terms beyond the two Extension Terms set forth herein.

2.2.2 Each Extension Term shall be on all the terms and conditions of this Lease.

2.2.3 Base Rent for each Extension Term shall be determined as set forth in section 3.5 below.

2.2.4 Tenant must exercise its option to extend this Lease by giving Landlord a minimum of six (6) months written notice prior to the end of the Initial Term and, if applicable, First Extended Term to exercise its extension option. If Tenant fails to give notice in a timely manner, Tenant shall lose the ability to exercise its extension option. Landlord may in its discretion waive such failure. If any Extension Term does not commence, then all further options to extend shall automatically terminate.

2.2.5 The extension option set forth herein is personal to Tenant and shall not be included in any assignment of this Lease without prior written approval from Landlord.

2.2.6 Landlord’s City Manager, or his or her designee, may exercise the City’s rights relating to whether to agree to any Extension Term.

3. RENT.

3.1 Rent Commencement Date. Tenant’s obligation to pay Rent under this Lease shall commence as of the Effective Date. Rent shall be paid as set forth in this Section 3.

3.2 Base Rent; Rent. The monthly Base Rent for the Initial Term shall be \$1,402.67, for a total of \$16,832.04 per year. Base Rent shall be adjusted as set forth in Section 3.5, below. Tenant shall pay to Landlord, at Landlord’s Address designated in Item 2 of the Basic Lease Information, or at such other address as Landlord may from time to time designate in writing to Tenant for the payment of Rent, the Base Rent herein defined, without notice, demand, offset or deduction, in advance, on the first day of each calendar month. Upon the execution of this Lease, Tenant shall pay to Landlord the first month’s Base Rent due as of the Rent Commencement Date. All sums other than Base Rent which Tenant is obligated to pay under this Lease shall be deemed to be additional rent (“Additional Rent”) due on the same date as Base Rent unless otherwise specified hereunder or otherwise requested by Landlord. Notwithstanding the foregoing, late charges under Section 3.2.2 shall be due and payable immediately as incurred. The term “Rent” means the Base Rent and all Additional Rent payable hereunder. If Rent is due for a period of less than a full month, it shall be prorated for such partial month on the basis of a thirty (30) day month.

3.2.1 Application of Payments. All payments received by Landlord from Tenant shall be applied to the oldest obligation owed by Tenant to Landlord. No designation by Tenant, either in a separate writing, on a check or money order, or otherwise shall modify this clause or have any force or effect.

3.2.2 Late Charge and Interest. The late payment of any Rent will cause Landlord to incur additional costs, including administration and collection costs and processing and accounting expenses and increased debt service (“Delinquency Costs”). If Landlord has not received any installment of Rent within five (5) calendar days after such amount is due, Tenant shall pay a late charge in the amount of One Hundred Twenty Five Dollars (\$125.00) immediately. This late charge represents a reasonable estimate of the Delinquency Costs incurred by Landlord. In addition, all delinquent amounts shall bear interest from the date such amount was due until paid in full at a rate per annum (“Applicable Interest Rate”) equal to the lesser of (a) the maximum interest rate permitted by law, or (b) five percent (5%) above the rate publicly announced by Bank of America, N.A. (or if Bank of America, N.A. ceases to exist, the largest bank then headquartered in the State of California) (“Bank”) at its “Reference Rate.” If the use of the announced Reference Rate is discontinued by the Bank, then the term Reference Rate shall mean the announced rate charged by the Bank which is, from time to time, substituted for the Reference Rate. Landlord and Tenant recognize that the damage which Landlord shall suffer as a result of Tenant’s failure to pay such amounts is difficult to ascertain and said late charge and interest are the best estimate of the damage which Landlord shall suffer in the event of late payment. Landlord’s acceptance of late Rent, partial Rent and late charges does not equate with a waiver of Tenant’s default with respect to the overdue amount, or prevent Landlord from exercising any rights and remedies available under this Lease and/or by operation of law.

3.3 Additional Rent. In addition to paying the Base Rent specified in Item 8 of the Basic Lease Information and in Section 3.2, and pursuant to any Addendum or Amendment to this Lease that Landlord and Tenant may execute, Tenant shall pay as Additional Rent the amounts defined and described in Section 3.4, and all Utilities and Services, defined and described in Section 4, not directly paid by Tenant to the utility company, and any other amounts of any kind that become due or payable by Tenant to Landlord under the terms of this Lease. Unless Landlord elects otherwise pursuant to this Lease, all amounts due under this section as Additional Rent are payable for the same periods and in the same manner, time and place, as the Base Rent. Tenant’s obligation to pay Rent under this Lease survives the Term to the extent such obligation has not been fulfilled during that Term.

3.4 Repayment Plan. At the time of this Lease, the Tenant owes Landlord the amount of TWENTY THREE THOUSAND FOUR HUNDRED SEVENTY-TWO DOLLARS AND NINETY-FIVE CENTS (\$23,472.95) (“**Amount Owed**”) for back-rent for the time-period from October 1, 2020 through December 31, 2021, under that certain Tenant Lease, dated November 1, 2016 (the “**Prior Lease**”), by and Between City of Pacifica and Paul Kukielka and Amy Kukielka, dba Chit Chat Café. Tenant’s agreement to repay the Amount Owed under the Prior Lease pursuant to the terms and conditions set forth herein is a material consideration for Landlord agreeing to enter into this Lease.

To satisfy the Amount Owed, Tenant agrees to repay Landlord the amount of \$652.02 monthly as Additional Rent until the Amount Owed from February 1, 2022 to January 1, 2025 (three years).

3.5 Base Rent Adjustments. Base Rent will increase three percent (3%) annually on the anniversary of the Lease Commencement Date for the duration of the Lease, including during any extended term.

4. UTILITIES AND SERVICES.

4.1 Utilities and Services. Tenant shall be solely responsible for contracting for, and shall promptly pay any and all shall pay when due any and all water, heat, gas, electricity, telephone and other utilities and services (“collectively, “**Services**”) provided to or for the Premises, including taxes thereon. Tenant shall establish its own accounts for all utility Services, including garbage collection services, to the extent such Services can be separately metered and billed. In the case of any Services that are not separately metered and billed directly to Tenant, but are metered jointly with other premises, Tenant shall pay Landlord upon demand a pro rata share, as determined by Landlord, of all charges. Landlord shall bill Tenant its pro rate share of any Services that are not separately metered within one hundred twenty (120) days of the date that Landlord receives such bills from the Service provider (e.g., utility company).

4.2 Exculpation of Liability. Landlord shall not be liable for any loss or damage suffered by Tenant or others, by reason of Landlord’s failure to furnish any of the Services, or furnishing reduced Service; no such failure or reduction shall constitute or be construed as a constructive or other eviction of Tenant, nor shall Landlord be liable for loss of business or injury to property however occurring, through or in connection with or incidental to such failure to furnish or reduction of any of the Services. Should Landlord elect to provide a security patrol or system, Landlord shall not be responsible for any damage or injury to Tenant, Tenant’s officers, agents, employees, independent contractors, invitees, customers, visitors, licensees, assignees or subtenants (individually and collectively, “Tenant’s Parties”), or the Premises or property due to failure, action or inaction of such patrol or system. Landlord reserves the right to stop Services when necessary, by reason of accident or emergency or for inspection, repairs, alterations, decorations, additions or improvements which, in the judgment of Landlord, are desirable or necessary to be made, until same shall have been completed, and shall further have no responsibility or liability for failure to supply any Services in such instance. Landlord shall use reasonable efforts to minimize the inconvenience to Tenant from any such disruptions or interruptions of Services and shall provide Tenant with reasonable notice of such disruptions or interruptions to the extent that Landlord is aware of or has been provided with advance notice of the disruptions or interruptions. The exculpation of liability under this Section shall not apply to the extent claims are caused by Landlord’s sole or active negligence.

4.3 No Representation. Landlord makes no representation with respect to the adequacy or fitness of any heating, air conditioning or ventilation equipment in the Building to maintain temperatures which may be required for, or because of, any equipment of Tenant other than normal fractional horsepower office equipment, and Landlord shall have no liability for loss or damage suffered by Tenant or others in connection therewith.

4.4 Conservation and Use Policies. In the event of imposition of federal, state, or local governmental controls, rules, regulations, or restrictions on the use or consumption of ‘energy or other utilities during the Term, both Landlord and Tenant shall be bound thereby. In the event of a difference in interpretation by Landlord and Tenant of any such controls, the interpretation of Landlord shall prevail, and Landlord shall have the right to enforce compliance therewith, including the right of entry into the Premises to effect compliance.

5. TAXES.

5.1 Taxes. As used in this Lease “Taxes” means Possessory Interest Taxes and Personal Taxes. Tenant’s obligations for Taxes for the last full or partial year of the Term and for any prior unpaid Taxes shall survive the expiration or earlier termination of this Lease.

5.2 Statement Regarding Possessory Interest Tax. This Lease creates a possessory property interest in Tenant. Tenant’s property interest may be subject to property taxation, and Tenant or the party in whom the possessory interest is vested may be subject to the payment of property taxes levied on the interest. Such taxes are referred to herein as “Possessory Interest Taxes”.

5.3 Personal Taxes. Tenant shall pay directly to the taxing authority all taxes and assessments levied upon trade fixtures, alterations, additions, improvements, inventories and other personal property located and/or installed on the Premises by Tenant. Such taxes are referred to herein as “Personal Taxes”.

5.4 Payment of Taxes. Tenant shall pay all Taxes prior to delinquency. To the extent any such taxes are not separately assessed or billed to Tenant by the taxing authority, Landlord shall deliver to Tenant copies of the assessment and tax bill together with Landlord’s proposed allocation between Landlord and Tenant. Tenant shall pay the amount reasonably allocated to Tenant no later than ten (10) business days prior to the date on which such Taxes are due. Taxes attributable to any of Tenant’s personal property situated within the Public Area shall be charged to Tenant. Should Tenant fail to pay its Taxes, Landlord may elect to do so on Tenant’s behalf. Tenant will thereafter be required to reimburse Landlord for such Taxes together with interest at the Applicable Interest Rate, from the date Landlord tendered payment, until the date Tenant fully reimburses Landlord.

6. INSURANCE.

6.1 Landlord. Landlord may elect to maintain insurance or an insurance equivalent (including but not limited to, e.g., that offered to a municipality through and by a joint powers authority, a self-insurance pool of liability coverage authorized pursuant to California Government Code Section 6500, or similar collective) insuring the Building on an occurrence basis against fire and extended coverage (including, if Landlord elects, “all risk” coverage, earthquake/volcanic action, flood and/or surface water insurance) similar in type and coverage limits to that carried by Landlord on its other properties. Landlord may also carry such other insurance as Landlord may deem prudent or advisable, in such amounts and on such terms as Landlord shall determine.

6.2 Tenant. Tenant shall, at Tenant’s expense, obtain and keep in force at all times the following insurance, and shall be liable for all premiums, deductibles, and self-insured amounts, if any, in connection therewith:

6.2.1 Commercial General Liability Insurance (Occurrence Form). A policy of commercial general liability insurance (occurrence form) having a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) annual aggregate, providing coverage for, among other things, blanket contractual

liability, premises, products/completed operations and personal injury, death and advertising injury coverage, with deletion of (a) the exclusion for operations within fifty (50) feet of a railroad property (railroad protective liability), if applicable, and (b) the exclusion for explosion, collapse or underground hazard, if applicable, and, if necessary, Tenant shall provide for restoration of the aggregate limit.

6.2.2 Workers' Compensation and Employer's Liability Insurance. Workers' compensation insurance that complies with all applicable state statutes and regulatory requirements, and, if Tenant hires any employees, employer's liability insurance coverage in the amount of at least One Million Dollars (\$1,000,000).

6.2.3 Property Insurance. "All risk" property insurance including boiler and machinery comprehensive form, if applicable, covering damage to or loss of any improvements, personal property, fixtures and equipment of Tenant (collectively "Tenant's Property") (and coverage for the full replacement cost thereof including business interruption of Tenant), together with, if the property of Tenant's invitees is to be kept in the Premises, warehouse's legal liability or bailee customers insurance for the full replacement cost of the property belonging to invitees and located in the Premises.

6.3 General.

6.3.1 Insurance Companies. Insurance required to be maintained by Tenant shall be written by companies licensed to do business in California and having a "General Policyholders Rating" of at least A:VIII (or such higher rating as may be required by a lender having a lien on the Premises) as set forth in the most current issue of "Best's Insurance Guide."

6.3.2 Certificates of Insurance. Tenant shall deliver to Landlord certificates of insurance for all insurance required to be maintained by Tenant pursuant to this Lease, in the form of the ACORN standard certificate of insurance, prior to the Commencement Date. Tenant shall, at least ten (10) days prior to expiration of the policy, furnish Landlord with certificates of renewal or "binders" thereof. Each certificate shall expressly provide that such policies shall not be cancelable or otherwise subject to modification except after sixty (60) days' prior written notice to the parties named as additional insureds as required in this Lease (except in the case of cancellation for nonpayment of premium in which case cancellation shall not take effect until at least ten (10) days' notice has been given to the parties named as additional insureds). If Tenant fails to maintain any insurance required in this Lease, Tenant shall be liable for all losses and cost resulting from said failure.

6.3.3 Additional Insureds. Landlord shall be named as an additional insured on the policy as required by Section 6.2.1. An additional insured endorsement naming such parties as additional insured(s) shall be attached to the certificate of insurance.

6.3.4 Primary Coverage. All insurance to be maintained by Tenant shall be primary without right of contribution from insurance of Landlord.

6.3.5 Umbrella/Excess Insurance. Any umbrella liability policy or excess liability policy (which shall be in "following form") shall provide that if the underlying

aggregate is exhausted, the excess coverage will drop down as primary insurance. The limits of insurance maintained by Tenant shall not limit Tenant's liability under this Lease,

6.3.6 Waiver of Subrogation. Tenant waives any right to recover against Landlord for claims for damages to Tenant's Property to the extent covered (or required by this Lease to be covered) by Tenant's insurance. The coverage obtained by Tenant pursuant to this Lease shall include a waiver of subrogation endorsement attached to the certificate of insurance.

6.3.7 Notification of Incidents. Tenant shall notify Landlord within twenty four (24) hours after the occurrence of any accident or incident in/at Property or any portion thereof which could give rise to a claim against Landlord, its coverage, Tenant or Tenant's insurance. Tenant's notice shall be accompanied by a copy of any accident/incident form prepared by Tenant, reporting and/or relating to the accident/incident.

7. INDEMNITY; LIABILITY EXEMPTION.

7.1 Indemnity. Except with respect to claims solely caused by Landlord's active negligence or willful misconduct, Tenant shall indemnify, protect, defend, and hold harmless Landlord and its elected and appointed officers, officials, employees, volunteers, lenders, agents, and contractors and each of their successors and assigns from and against any and all claims, judgments, causes of action, damages, penalties, costs, liabilities, and expenses, including all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon, arising at any time during or after the Term directly or indirectly as a result of or in connection with (i) any default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease; (ii) Tenant's use of the Premises or the Property, including the conduct of Tenant's business or any activity, work or things done, permitted or suffered by Tenant in or about the Building, the Premises, the Public Area, or other portions of the Property; (iii) any act, error or omission of Tenant or of any invitee, licensee or guest of Tenant, in or about the Building, the Premises, the Public Area, or other portions of the Property; (iv) loss of, injury, or damage to or destruction of property (including loss of use resulting from that loss, injury, damage or destruction); (v) all resulting economic losses, consequential and/or exemplary damages; and (vi) any subleases, assignments and related activities, (all of the foregoing, collectively, the "Indemnification"). Tenant shall provide such Indemnification by and through counsel reasonably acceptable to Landlord. The obligations of Tenant under this Section shall survive the expiration or sooner termination of this Lease.

7.2 Exemption of Landlord from Liability. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property including, but not limited to, Tenant's fixtures, equipment, furniture and alterations or injury to persons in, upon or about the Building, the Premises, the Public Area, or other portions of the Property arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, except to the extent such claims are caused by Landlord's sole or active negligence or willful misconduct, Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the property of Tenant, or injury to or death of Tenant, Tenant's Parties or any other person in or about the Building, the Premises, the Public Area, or the Property, whether such damage or injury is caused by fire, steam, electricity, gas, water or rain, or from the breakage, leakage or other defects of sprinklers, wires, appliances, plumbing, air

conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Building, the Premises, the Public Area, or other portions of the Property or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant, except damage or injury caused solely by Landlord's sole or active negligence or willful misconduct. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the Building, the Premises, the Public Area or other portions of the Property or Landlord's failure to enforce the terms of any agreements with parties other than Tenant.

8. REPAIRS AND MAINTENANCE.

8.1 Landlord's Obligations.

8.1.1 At Landlord's Election on Tenant's Behalf, Landlord shall not be required to make or bear the costs of any repair resulting from (i) any alteration or modification to the Premises or to mechanical equipment within the Premises performed by, for or because of Tenant or to special equipment or systems installed by, for or because of Tenant, (ii) the installation, use or operation of Tenant's property, fixtures and equipment, (iii) the moving of Tenant's property in or out of the Premises, the Building, or the Property, or in and about the Premises, (iv) Tenant's use or occupancy of the Premises in violation of Section 10 of this Lease or in the manner not contemplated by the parties at the time of the execution of this Lease, (v) the acts or omissions of Tenant or Tenant's Parties, (vi) fire and other casualty, except as provided by Section 12 of this Lease, (vii) condemnation, except as provided in Section 13 of this Lease, or (viii) or any condition which might require repair. If Landlord elects to undertake repairs and maintenance necessitated by causes set forth in the preceding sentence, then Tenant shall pay as Additional Rent, Landlord's actual costs paid or incurred in connection therewith.

8.1.2 Tenant's Waiver. Notwithstanding anything to the contrary, whether stated or implied in this Lease, Tenant waives and releases its rights to make repairs at Landlord's expense or deduct such expenses from Rent, except as expressly stated in this Lease.

8.2 Tenant's Obligations. Tenant, at Tenant's expense, shall maintain the Premises in good order, condition and repair, including, without limitation, interior floor surfaces and floor coverings, interior walls and wall coverings, Signs and Graphics, and any items required for compliance with applicable laws, rules and regulations. In the event Tenant fails, in the reasonable judgment of Landlord, to maintain the Premises in good order, condition and repair, Landlord shall, upon five (5) days' written notice to Tenant, have the right to perform such maintenance, repairs or refurbishing at Tenant's expense, provided Tenant fails to do so within that five-day period.

9. ALTERATIONS.

9.1 Condition of Premises. Tenant acknowledges that Landlord has made no representation or warranty regarding the condition of the Building, Premises, Public Area, or Building except as specifically stated in this Lease.

9.1.1 Landlord Improvements to Premises. The Premises are leased in an as-is condition.

9.2 Tenant Improvements to Premises. Tenant, at Tenant's sole cost and expense, may install interior improvements, subject to Landlord's prior written approval ("Work"). Plans, specifications, and drawings for the Work shall be subject to prior written approval by Landlord's Public Works Director, and Tenant shall be responsible for obtaining any and all required permits. Tenant may perform those components of the Work which constitute minor cosmetic alterations (i.e., painting), are non-structural, do not require a permit, and are not typically performed by a licensed contractor or tradesperson. Any other Work shall be performed by licensed contractors and in accordance with all applicable laws, including without limitation, any applicable State laws regarding prevailing wage requirements. In no event shall Tenant undertake any structural, electrical or plumbing work in connection with, or work on the exterior of, the Building, the Property or the Premises without Landlord's advance written consent.

9.3 Trade Fixtures: Alterations. Subject to Section 9.6, Tenant may install necessary trade fixtures, equipment and furniture in the Premises, provided that such items are installed and are removable without structural or material damage to the Premises. For purposes of this Lease, the term "trade fixture" shall mean specialty fixtures or equipment used in Tenant's trade or business as identified by Tenant and agreed to by Landlord in writing. Tenant shall not construct, or allow to be constructed, any alterations or physical additions in, about or to the Premises without the prior written consent of Landlord.

9.4 Standard of Work. All work to be performed by or for Landlord or Tenant pursuant hereto shall be performed diligently and in a first-class, workmanlike manner, and in compliance with all Laws applicable to the Premises and insurance carrier requirements. Landlord shall have the right, but not the obligation, to inspect periodically the Work, and Landlord may require changes in the method or quality of the Work. In no event shall the Work obstruct access to the Property, Building, Premises and/or Public Area or interfere with the operations of the Building Alteration activities, or related work.

9.5 Damage; Removal. Tenant shall repair all damage to the Property, the Building, and the Premises caused by the installation or removal of Tenant's fixtures, equipment, furniture and alterations. Upon the termination of this Lease, Tenant shall remove any or all alterations, additions, improvements and partitions made or installed by Tenant and restore the Premises to their condition existing prior to the construction of any such items and perform any closure work, investigation and environmental remedial work required by any Hazardous Materials Laws (as hereinafter defined) or by any other applicable laws, ordinances, regulations or permits by any governmental authority having jurisdiction; provided, however, Landlord may require, upon written notice to Tenant no less than fifteen (15) days before the expiration of the Term, any such items (except trade fixtures) designated by Landlord to remain on the Premises, in which event they shall be and become the property of Landlord upon the termination of this Lease. All such removals and restoration shall be accomplished in a good and workmanlike manner so as not to cause any damage to the Building, the Premises, the Public Area, or the Property whatsoever and in strict accordance with all applicable laws, regulations and governmental orders.

9.6 Liens. Tenant shall promptly pay and discharge all claims for labor performed, supplies furnished, and services rendered at the request of Tenant and shall keep the Property, the Building, and the Premises free of all mechanics' and materialmen's liens in connection therewith. Tenant shall provide at least ten (10) days' prior written notice to Landlord before any

labor is performed, supplies furnished or services rendered on or at the Premises and Landlord shall have the right to post on the Premises notices of non-responsibility. If any lien is filed, Tenant shall cause such lien to be released and removed within ten (10) days after the date of filing, and if Tenant fails to do so, Landlord may take such action as may be necessary to remove such lien, without the duty to investigate the validity of it (unless Tenant has commenced an action to contest, dispute or defend the claims of lienholders and has provided Landlord with written notice of the pendency of the action), and Tenant shall pay Landlord such amounts expended by Landlord together with interest thereon, at the Applicable Interest Rate, from the date of expenditure.

9.7 Satellites and Antennae. Notwithstanding anything in this Lease to the contrary, Landlord and Tenant agree that it shall be reasonable for Landlord to withhold its consent to (i) installation in or about the Premises, Building, or Property of equipment comprising or relating to relays, monopoles, satellite dishes, antennae, wireless telecommunications devices, transmitters, roof mounts, two-way radios, or similar apparatus (collectively, "Transmission Devices") or (ii) any assignment or subletting which permits or contemplates installation of such Transmission Devices.

10. USE

10.1 Usage. The Premises will be used as a café serving specialty coffees and teas, sandwiches and other light menu items (but excluding alcoholic beverages) and for the ancillary sale of gift and souvenir items that are consistent with a retail café operation (including postcards, mugs and tee shirts), sale of frozen bait, of the type used for fishing, to the extent such practice is consistent with any applicable federal, state or local regulations, and for no other uses without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion. Tenant acknowledges that neither Landlord nor any of Landlord's agents has made any representation or warranty with regard to the Premises, the Building, the Public Area, or the Property with respect to their suitability for the conduct of Tenant's business. Tenant's execution of this Lease and entry of the Premises hereunder shall conclusively establish that the foregoing were at such time in satisfactory condition. Tenant, at Tenant's expense, shall comply with all laws, rules, orders, ordinances, directions, regulations and requirements of federal, state, county and municipal authorities now in force or which may hereafter be in force ("Laws"), which shall impose any duty upon Landlord or Tenant with respect to the use, occupancy, or alteration of the Premises. Tenant shall be responsible for obtaining any permit or business license required by any governmental agency permitting Tenant's use of the Premises. Tenant shall comply with the rules and regulations, including observance of prohibited uses, attached hereto as Exhibit C and incorporated by reference, together with such reasonable additional rules and regulations as Landlord may from time to time prescribe. Tenant shall not commit waste, overload the floors or structure of the Building, subject the Property or any portion thereof to any use which would damage the same or increase the risk of loss or violate any insurance coverage, permit any unreasonable odors, smoke, dust, gas, substances, noise or vibrations to emanate from the Premises, take any action which would constitute a nuisance or would disturb, obstruct or endanger any other tenants, take any action which would abrogate any warranties, or use or allow the Premises to be used for any unlawful purpose. Landlord shall not be responsible for non-compliance by any other tenant or occupant with, or Landlord's failure to enforce, any of the rules and regulations or any other terms or provisions of such tenant's or occupant's lease.

Tenant shall promptly comply with the reasonable requirements of any board of fire insurance underwriters or other similar body now or hereafter constituted. Tenant shall not do any act which shall in any way encumber the title of Landlord in and to the Property or any portion thereof

10.2 Quiet Enjoyment. Tenant, upon paying Rent and performing all of its obligations under this Lease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Lease, and any mortgage, deed of trust, lease, or other agreement to which this Lease may be subordinate or affecting all or any portion of the Building or any of the areas used in connection with the operation of the Building. Tenant acknowledges that the Premises are adjacent to a City-leased pier. Tenant acknowledges that Tenant is leasing the Premises with full awareness of this adjacent use.

10.3 Access. Tenant shall be permitted 24 hour a day access to the Premises. During Building Alteration activities, Landlord shall require its contractor to use good faith efforts to minimize any interference with Tenant's right of access.

11. ENVIRONMENTAL MATTERS.

11.1 Environmental Compliance. Tenant shall, at its sole cost and expense, comply with all federal, state and local laws from time to time in effect ("Hazardous Materials Laws") concerning the management, use, generation, storage, transportation, presence, discharge or disposal of hazardous, toxic, radioactive or carcinogenic materials, substances or wastes ("Hazardous Materials"). Neither Tenant nor its agents, employees, contractors, sublessees, assignees or invitees shall use, handle, store, transport, release or dispose of any Hazardous Materials anywhere in, on, under or about the Premises or the Building. Tenant shall cause any and all Hazardous Materials brought onto, used, generated, stored or discharged in the Premises to be removed from the Premises and transported for disposal in accordance with applicable Hazardous Materials Laws. Landlord shall have the right to enter the Premises from time to time to conduct tests, inspections and surveys concerning Hazardous Materials and to monitor Tenant's compliance with its obligations concerning Hazardous Materials and Hazard Materials Laws. Tenant shall immediately notify Landlord in writing of any voluntary clean-up or removal action instituted or proposed by Tenant, any enforcement, clean-up, removal or other governmental or regulatory action instituted or threatened, or any claim made or threatened by any person against Tenant, the Premises, or the Building relating to Hazardous Materials or Hazardous Materials Laws, Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant receives or sends same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Tenant's use thereof and concerning Hazardous Materials or Hazardous Materials Laws.

11.2 Tenant's Indemnification. Except to the extent caused by Landlord's sole or active negligence, Tenant shall indemnify, defend and hold Landlord harmless from any claims, causes of action, liabilities, losses, damages, injunctions, suits, fines, penalties, costs or expenses (including attorneys' fees and expenses) caused or alleged to have been caused by the presence, use or release of Hazardous Materials in or about the Premises, including, without limitation, any personal injury, death, property damage, decrease in value of the Premises or Building, caused or alleged to have been caused by the use, storage, generation, presence or release of Hazardous

Materials, whether such claims, causes of action or liabilities are first asserted during the Term or thereafter, and including without limitation, claims made against Landlord with respect to personal injury, death or property damage sustained by third parties caused or alleged to have been caused by the use, storage, generation, presence or release of Hazardous Materials in violation of Tenant's obligations under this Lease. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease.

12. DAMAGE AND DESTRUCTION.

12.1 If, during the Term, the Building and other improvements that are part of the Premises are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, and at least one (1) year of the Term remains, Landlord shall restore said Building and improvements to substantially the same condition as they were in immediately before destruction, if the restoration can be made under then existing laws and can be completed within 180 working days after obtaining all necessary permits therefore, and if the cost of such repairs does not exceed the amount of insurance proceeds received by Landlord from Tenant's Insurance pursuant to Section 6 above, on account of such damages. Such destruction shall not terminate this Lease. In case of destruction, there shall be an abatement or reduction of Rent, between the date of destruction and the date of completion of restoration if restoration takes place, based on the extent to which the destruction actually interferes with Tenant's use of the Premises. Tenant hereby waives the provisions of Sections 1932, Subdivision 2, and 1933, Subdivision 4, of the Civil Code of California. If the restoration cannot be made in the time stated in this paragraph, then within 15 days after the parties determine that the restoration cannot be made in the time stated in this paragraph, Tenant can terminate this Lease immediately by giving written notice to Landlord. If Tenant fails to terminate this Lease and if restoration is permitted under the existing laws, Landlord, at its election, can either terminate this Lease or restore the Building and other improvements that are part of the Premises within a reasonable time and this Lease shall continue in full force and effect. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party. In the event of the giving of such notice of termination by Landlord or Tenant as provided herein, this Lease and all interest of Tenant in the Premises shall terminate 15 days after receipt of such notice by the other party.

12.2 Uninsured or Underinsured Casualty. In the event that the Building or the Premises are (i) damaged to the extent Tenant is unable to use the Premises and such damage is not covered by insurance proceeds received by Landlord, (ii) the Building or the Premises are damaged to the extent that the estimated repair cost exceeds the insurance proceeds, if any, available for such repair (not including the deductible(s), if any, on Landlord's property and other applicable insurance) plus any amount that Tenant is obligated or elects to pay for such repair, (iii) the estimated repair cost, even though covered by insurance, exceeds fifty percent (50%) of the full replacement cost of the Premises, or (iv) in the event that the holder of any indebtedness secured by the Building or the Premises requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right at Landlord's option either (a) to repair such damage as soon as reasonably possible at Landlord's expense, or (b) to give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to terminate this Lease as of the date of the occurrence of such damage.

12.3 Tenant's Fault; Repair Limitation. If the Premises are damaged resulting from the negligence or breach of this Lease by Tenant or any of Tenant's Parties, Rent shall not be reduced during the repair of such damage and Tenant shall be liable to Landlord for the cost of the repair caused thereby to the extent such cost is not covered by insurance proceeds. Notwithstanding anything in this Lease to the contrary, and except to the extent caused by Landlord's sole or active negligence, Landlord shall not be required to repair any injury or damage, by fire or other cause to the property of Tenant or to make repairs or replacements of any decorations, or any improvements installed on the Premises by or for Tenant, unless Landlord has received insurance proceeds from Tenant's property insurance as provided in Section 6.2.3 above, and neither Tenant nor Landlord have opted to terminate this Lease as provided in Section 19.1.

13. EMINENT DOMAIN.

13.1 Effect on Rights and Obligations. If any portion of the Premises is permanently taken by condemnation, this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if 15% or more of the total number of square feet in the Premises is taken or if the remaining portion of the Premises is rendered unsuitable for Tenant's continued use. If Tenant elects to terminate this Lease, Tenant must exercise its right to terminate by giving written notice to Landlord within 30 days after the nature and the extent of the taking have been finally determined, as of the date of termination, which date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the date of taking if the date of taking falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Lease within the 30-day period, this Lease shall continue in full force and effect, except that the monthly Rent thereafter to be paid shall be reduced on a pro-rata basis. Tenant shall notify Landlord in writing of any condemnation or threatened condemnation within ten (10) days after Tenant receives notice of said action or threatened action.

14. DEFAULT.

14.1 Events of Default. When used in this Lease with reference to Tenant, the term "default" refers to any breach of Tenant's obligations under this Lease, however brief. When any such default continues for the applicable period specified below, such default shall constitute an Event of Default hereunder, entitling Landlord to exercise the remedies set forth in Sections 14.2 and 14.3 of this Lease. The occurrence of any of the following events shall constitute an "Event of Default":

14.1.1 Failure to comply with Assignment and Subletting provisions as set forth in Section 15.1;

14.1.2 Abandonment of or vacating the Premises for a period of thirty (30) consecutive days;

14.1.3 Failure to pay Rent and/or Additional Rent on the date when due and the failure continuing for a period of ten (10) days after such payment is due;

14.1.4 Failure to perform Tenant's covenants and obligations hereunder (except default in the payment of Rent and/or Additional Rent) where such failure continues for a period of thirty (30) days;

14.1.5 The making of a general assignment by Tenant for the benefit of creditors; the filing of a voluntary petition by Tenant or the filing of an involuntary petition by any of Tenant's creditors seeking the rehabilitation, liquidation or reorganization of Tenant under any law relating to bankruptcy, insolvency or other relief of debtors and, in the case of an involuntary action, the failure to remove or discharge the same within sixty (60) days of such filing; the appointment of a receiver or other custodian to take possession of substantially all of Tenant's assets or this leasehold; Tenant's insolvency or inability to pay Tenant's debts or failure generally to pay Tenant's debts when due; any court entering a decree or order directing the winding up or liquidation of Tenant or of substantially all of Tenant's assets; Tenant taking any action toward the dissolution or winding up of Tenant's affairs; the cessation or suspension of Tenant's use of the Premises; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets or this leasehold; or

14.1.6 The making of any material misrepresentation or omission by Tenant or any successor in interest of Tenant in any materials delivered by or on behalf of Tenant to Landlord or Landlord's lender pursuant to this Lease.

14.2 Remedies.

14.2.1 Termination. In the event of the occurrence of any Event of Default, Landlord shall have the right to give a written termination notice to Tenant and, on the date specified in such notice (which date is at least two (2) business days following the date of delivery of such notice), this Lease shall terminate unless on or before such date all arrears of Rent and all other sums payable by Tenant under this Lease and all costs and expenses incurred by or on behalf of Landlord hereunder shall have been paid by Tenant and all other Events of Default at the time existing shall have been fully remedied to the satisfaction of Landlord.

A. Repossession. Following termination, without prejudice to other remedies Landlord may have, Landlord may (i) peaceably re-enter the Premises upon voluntary surrender by Tenant or remove Tenant therefrom and any other persons occupying the Premises, using such legal proceedings as may be available; (ii) repossess the Premises or re-let the Premises or any part thereof for such term (which may be for a term extending beyond the Term), at such rental and upon such other terms and conditions as Landlord in Landlord's sole discretion shall determine, with the right to make reasonable alterations and repairs to the Premises; and (iii) remove all personal property therefrom.

B. Unpaid Rent/Additional Rent. Landlord shall have all the rights and remedies of a landlord provided by applicable law, including the right to recover from Tenant: (a) the worth, at the time of award, of the unpaid Rent and/or Additional Rent that had been earned at the time of termination, (b) the worth, at the time of award, of the amount by which the unpaid Rent and/or Additional Rent that would have been earned after the date of termination until the time of award exceeds the amount of loss of rent that Tenant proves could have been reasonably avoided, (c) the worth, at the time of award, of the amount by which the

unpaid Rent and/or Additional Rent for the balance of the Term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided, and (d) any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default. The phrase "worth, at the time of award," as used in (a) and (b) above, shall be computed at the Applicable Interest Rate, and as used in (c) above, shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

14.2.2 Continuation. Landlord shall have the remedy described in California Civil Code section 1951.4 (as amended from time to time, and successor statutes thereto) and Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due. In the event and for so long as Landlord elects this remedy, Tenant shall have the right to sublet its Premises, assign its interest in the Lease, or both, subject to Landlord's prior written consent, which shall not be unreasonably withheld. In addition, even though an Event of Default may have occurred, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover Rent as it becomes due. Landlord, without terminating this Lease, may, during the period Tenant is in default, enter the Premises and re-let the same, or any portion thereof, to third parties for Tenant's account and Tenant shall be liable to Landlord for all costs Landlord incurs in re-letting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises and like costs. Re-letting may be for a period shorter or longer than the remaining Term. Tenant shall continue to pay the Rent on the date the same is due. No act by Landlord hereunder, including acts of maintenance, preservation or efforts to lease the Premises or the appointment of a receiver upon application of Landlord to protect Landlord's interest under this Lease, shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. In the event that Landlord elects to re-let the Premises, the rent that Landlord receives from re-letting shall be applied to the payment of, first, any indebtedness from Tenant to Landlord other than Base Rent and Additional Rent; second, all costs, including maintenance, incurred by Landlord in re-letting; and, third, Base Rent and Additional Rent. After deducting the payments referred to above, any sum remaining from the rental Landlord receives from re-letting shall be held by Landlord and applied in payment of future Rent as Rent becomes due under this Lease. In no event shall Tenant be entitled to any excess rent received by Landlord. If, on the date Rent is due under this Lease, the rent received from the re-letting is less than the Rent due on that date, Tenant shall pay to Landlord, in addition to the remaining Rent due, all costs, including maintenance, which Landlord incurred in re-letting the Premises that remain after applying the rent received from re-letting as provided hereinabove. So long as this Lease is not terminated, Landlord shall have the right to remedy any default of Tenant, to maintain or improve the Premises, to cause a receiver to be appointed to administer the Premises and new or existing subleases and to add to the Rent payable hereunder all of Landlord's reasonable costs in so doing, with interest at the Applicable Interest Rate from the date of such expenditure.

14.3 Remedies Cumulative. Each right and remedy of Landlord provided for herein or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and shall not preclude Landlord from exercising any other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity, by statute or otherwise. No payment by Tenant of a

lesser amount than the Rent nor any endorsement on any check or letter accompanying any check or payment as Rent shall be deemed an accord and satisfaction of full payment of Rent; and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue other remedies.

14.4 Default of Landlord. Except to the extent caused by reasons beyond Landlord's reasonable control, Landlord's failure to perform any obligation required of it pursuant to the terms of this Lease within thirty (30) days following written notice from Tenant or, in the case of any obligation which cannot reasonably be performed within thirty (30) days, Landlord's failure to commence such performance within said thirty (30) day period and thereafter diligently pursue such performance to completion, shall constitute a default by Landlord under the terms of this Lease. In the event of a default by Landlord, Tenant shall have the right to seek any and all remedies provided for in this Lease or otherwise existing at law.

15. ASSIGNMENT AND SUBLETTING.

15.1 Landlord's Consent. Tenant shall not assign, sublet or otherwise transfer, whether voluntarily or involuntarily or by operation of law, the Premises or any part thereof, without Landlord's prior written approval, which shall not be unreasonably withheld. Any sublease or assignment or other transfer agreements shall be subject to Landlord's prior written approval. Tenant's attempted assignment/subletting without first obtaining Landlord's written consent shall be void at Landlord's election. Landlord's consent to one assignment or subletting shall not be deemed a consent to subsequent assignments and/or sublettings. The parties agree that it shall be reasonable for Landlord to withhold its consent to a proposed assignment or subletting if the proposed assignee or sublessee or the nature of its business would require Landlord to incur additional expense in construction work or other work to the Premises that would not otherwise be required if Tenant remained, for example, if the proposed assignee or sublessee is subject to compliance with additional requirements of the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) (including related regulations) beyond those requirements which are applicable to the tenant desiring to assign or sublease, if the proposed assignee's or sublessee's activities in, on or about the Premises or the Property involve the use, analysis, handling, storage, transport, discharge, release, generation or disposal of any Hazardous Materials, or if the proposed assignment or subletting would violate any section of this Lease.

15.2 Notice. If Tenant desires to assign this Lease or sublet any or all of the Premises, Tenant shall give Landlord written notice thereof ("Tenant's Transfer Request") with copies of all related documents and agreements associated with the assignment or sublease, including without limitation, a description of the space Tenant proposes to assign or sublet, the anticipated effective date of the assignment or sublease, the financial statements of any proposed assignee or sublessee, at least forty-five (45) days prior to the anticipated effective date of the assignment or sublease. A condition to Landlord's consent to any Transfer of this Lease will be the delivery to Landlord of a true copy of the fully executed instrument of assignment, sublease, transfer or hypothecation, in form and substance reasonably satisfactory to Landlord. Landlord shall have a period of thirty (30) days following receipt of Tenant's Transfer Request and all related documents and agreements to notify Tenant in writing of Landlord's election to disapprove the Sublease or Assignment. In any event, if Landlord fails to notify Tenant in writing of Landlord's election, Landlord shall be deemed to have disapproved such assignment or subletting, nor shall

failure by Landlord to approve a proposed tenant shall cause a termination of this Lease. This Lease may not be assigned by operation of law. Any purported assignment or subletting contrary to the provisions hereof shall be void at Landlord's election and shall constitute an Event of Default hereunder.

15.3 Subject to Lease. Any assignments or sublets must be subject to and in accordance with the terms and conditions of this Lease, and must be consistent with the use requirements provided in Section 10 herein. In no event may any sublessee encumber this Lease. Tenant shall remain fully liable under this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

15.4 [Intentionally omitted.]

15.5 Indemnification. Tenant shall ensure that any sublessees or assigns through their subleases or assignment agreements shall indemnify, protect, defend, and hold harmless Landlord and its elected and appointed officers, officials, employees, volunteers, lenders, agents, contractors and each of their successors and assigns to the same extent that Tenant shall so indemnify Landlord as set forth in this Lease.

15.6 Relocation Waiver. Each sublease or rental agreement shall contain a relocation waiver in substantially the following form: "Relocation Waiver. Sublessee fully releases and discharges the City of Pacifica (in its capacity as Landlord and otherwise as a municipal corporation) from all and any manner of rights, demands, liabilities, obligations, claims, or cause of actions, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which arise from or relate in any manner to the sale of the Property, Building, Premises, or the Subleased Premises, the full or partial termination of Sublessee's leasehold interest as permitted under this Sublease, or the relocation of Sublessee's business operations or the relocation of any person or persons, business or businesses, or other occupant or occupants located on the Subleased Premises, including, without limitation, the specific waiver and release of any right to any relocation benefits, assistance and/or payments under Government Code sections 7260 et seq. ("Relocation Assistance Law"), notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under the Relocation Assistance Law or other state or federal law. Sublessee acknowledges and agrees that the release and waiver set forth in this section is material consideration for Landlord's consent to the sublease by Sublandlord of the Subleased Premises to Sublessee on the terms set forth herein and that, but for this release and waiver, Landlord would not have consented to the sublease of the Subleased Premises by Sublandlord to Sublessee. It is hereby intended that the above release relates to both known and unknown claims that the Sublessee may have, or claim to have, against the Landlord or the City of Pacifica with respect to the subject matter contained herein or the events relating thereto. By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with the items set out above, the Sublessee expressly waives any rights under California Civil Code section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT
TO EXIST IN HIS OR HER FAVOR AT THE TIME OF
EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM

OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

15.7 Liability. Landlord may, without waiving any rights or remedies, collect rent from the assignee, sublessee or occupant and apply the net amount collected to the Rent herein reserved and apportion any excess rent so collected in accordance with the terms of the preceding sentence. Tenant (and successor tenants) shall continue to be liable as a principal and not as a guarantor or surety to the same extent as though no assignment or subletting had been made. In addition, Tenant shall make all legally required disclosures to the proposed assignee or sublessee. Landlord may consent to subsequent assignments or subletting of this Lease or amendments or modifications to the Lease by assignees of Tenant without notifying Tenant or any successor of Tenant and without obtaining their consent; Landlord’s consent shall not be construed as relieving Tenant or any successor tenant of any liability or obligation under the Lease. No transfer shall be effective until there has been delivered to Landlord a counterpart of the transfer instrument in which the transferee agrees to be and remain jointly and severally liable with Tenant (and if applicable, successor tenants) for the payment of Rent pertaining to the Premises and for the performance of all the terms and provisions of this Lease relating thereto arising on or after the date of the transfer. No transfer will release Tenant of Tenant’s obligations under this Lease or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder. In the event of default by any transferee of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such transferee or successor. Notwithstanding any contrary provision of this Lease, if Tenant or any proposed transferee claims that Landlord has unreasonably withheld or delayed its consent to a proposed transfer or otherwise has breached its obligations under this Section, Tenant’s and such transferee’s only remedy shall be to seek a declaratory judgment and/or injunctive relief, and Tenant, on behalf of itself and, to the extent permitted by law, such proposed transferee waives all other remedies against Landlord, including without limitation, the right to seek monetary damages or to terminate this Lease.

16. ESTOPPEL, ATTORNMENT AND SUBORDINATION.

16.1 Estoppel. Within ten (10) days after request by Landlord, Tenant shall deliver an estoppel certificate duly executed (and acknowledged if required by any lender or purchaser) to any proposed mortgagee, purchaser or Landlord, in a form substantially similar to that requested by the proposed mortgagee, purchaser or Landlord. Tenant’s failure to deliver said estoppel certificate in such time period shall be an Event of Default hereunder and shall be conclusive upon Tenant that (a) this Lease is in full force and effect, without modification except as may be represented by Landlord; (b) there are no uncured defaults in Landlord’s performance and Tenant has no right of offset, counterclaim or deduction against Rent hereunder; and (c) no more than one month’s Base Rent has been paid in advance. In addition, except to the extent caused by Landlord’s sole or active negligence, Tenant shall indemnify and hold Landlord harmless from and against any and all damages, penalties, fines, taxes, costs, liabilities, losses and expenses (including, without limitation, reasonable attorneys’ fees and court costs) which Landlord may sustain or incur as a result of or in connection with Tenant’s failure or delay in delivering such estoppel certificate. Landlord reserves the right to substitute a different form of estoppel certificate upon the request of any proposed mortgagee or purchaser. If any financier should

require that this Lease be amended (other than in the description of the Premises, the Term, the Permitted Uses, the Rent or as will substantially, materially and adversely affect the rights of Tenant), Landlord shall give written notice thereof to Tenant, which notice shall be accompanied by a Lease supplement embodying such amendments. Tenant shall, within ten (10) days after the receipt of Landlord's notice, execute and deliver to Landlord the tendered Lease supplement,

16.2 Subordination. This Lease shall be subject and subordinate to all ground leases, and the lien of all mortgages and deeds of trust which now or hereafter affect the Premises or the Property or Landlord's interest therein, and all amendments thereto, all without the necessity of Tenant's executing further instruments to effect such subordination; provided, however, that Tenant's rights hereunder shall not be disturbed, except in accordance with the terms and provisions of this Lease. If requested, Tenant shall execute and deliver to Landlord within ten (10) days after Landlord's request, whatever documentation that may reasonably be required to further effect the provisions of this section.

16.3 Attornment. In the event of a foreclosure proceeding, the exercise of the power of sale under any mortgage or deed of trust or the termination of a ground lease, Tenant shall, if requested, attorn to the purchaser thereupon and recognize such purchaser as Landlord under this Lease. The transferee shall not be liable for any acts, omissions or defaults of Landlord that occurred before the sale or conveyance, or the return of any security deposit except for deposits actually paid to transferee, and except as reduced as expressly provided for by operation of law.

17. RELOCATION.

17.1 Tenant fully releases and discharges Landlord (in its capacity as Landlord and otherwise as a municipal corporation) from all and any manner of rights, demands, liabilities, obligations, claims, or cause of actions, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which arise from or relate in any manner to the sale of the Property, Building, or Premises, the full or partial termination of Tenant's leasehold interest as permitted under this Lease, or the relocation of Tenant's business operations or the relocation of any person or persons, business or businesses, or other occupant or occupants located on the Premises including, without limitation, the specific waiver and release of any right to any relocation benefits, assistance and/or payments under Government Code sections 7260 et seq. ("**Relocation Assistance Law**"), notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under the Relocation Assistance Law or other state or federal law. Tenant acknowledges and agrees that the release and waiver set forth in this section is material consideration for Landlord's lease of the Premises to Tenant on the terms set forth herein and that, but for this release and waiver, Landlord would not have leased the premises to Tenant. It is hereby intended that the above release relates to both known and unknown claims that the Tenant may have, or claim to have, against the Landlord or the City of Pacifica with respect to the subject matter contained herein or the events relating thereto. By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with the items set out above, the Tenant expressly waives any rights under California Civil Code section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT

TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

18. MISCELLANEOUS.

18.1 General.

18.1.1 Entire Agreement. This Lease sets forth all the agreements between Landlord and Tenant concerning the Property, the Premises, the Building and the Public Area; and there are no agreements either oral or written other than as set forth herein.

18.1.2 Time of Essence. Time is of the essence of this Lease.

18.1.3 Attorneys' Fees. In any action or proceeding which either party brings against the other to enforce its rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees, which amounts shall be a part of the judgment in said action or proceeding.

18.1.4 Severability. If any provision of this Lease or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, the remaining provisions of this Lease and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated.

18.1.5 Governing Law; Venue. This Lease shall be construed and enforced in accordance with the laws of the state of California without regard to principles of conflicts of laws. Any action filed to enforce or interpret this Lease shall be filed and heard exclusively in the Superior Court of San Mateo County or the federal district court for the Northern District of California.

18.1.6 No Option. Submission of this Lease to Tenant for examination or negotiation does not constitute an option to lease, offer to lease or a reservation of, or option for, the Premises; and this document shall become effective and binding only upon the execution and delivery hereof by Landlord and Tenant.

18.1.7 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the successors and assigns of Landlord and, subject to compliance with the terms of Section 15, Tenant.

18.1.8 Third Party Beneficiaries. Nothing herein is intended to create any third-party benefit.

18.1.9 Memorandum of Lease. Landlord may elect to have either this either this Lease or a short form memorandum hereof recorded pursuant to the requirements of California Government Code section 37393. Tenant shall cooperate with Landlord in executing and acknowledging any such memorandum of lease. Upon the expiration or other termination of this Lease, Tenant shall immediately execute and deliver to Landlord a quitclaim deed to the

Premises, Building, and/or Property, as required, in recordable form, designating Landlord as transferee or grantee.

18.1.10 No Agency, Partnership or Joint Venture. Nothing contained herein nor any acts of the parties hereto shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture by the parties hereto or any relationship other than the relationship of landlord and tenant.

18.1.11 Merger. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation thereof or a termination by Landlord shall not work a merger and shall, at the option of Landlord, terminate all or any existing sub tenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such sub tenancies.

18.1.12 Headings. Section headings have been inserted solely as a matter of convenience and are not intended to define or limit the scope of any of the provisions contained herein.

18.2 Signs. All signs and graphics of every kind visible in or from public view or corridors, the exterior of the Premises, the exterior of the Building, or on monuments installed or caused to be installed by, for the benefit of, or at the request of Tenant (“Signs and Graphics”) shall be subject to Landlord’s prior written approval, shall be in keeping with the character of the Building and shall be subject to any applicable governmental laws, ordinances, and regulations and in compliance with Landlord’s signage program, Tenant shall remove all such Signs and Graphics prior to the termination of this Lease. Such installations and removals shall be made in such manner as to avoid injury or defacement of the Premises; and Tenant shall repair any injury or defacement, including without limitation, discoloration caused by such installation or removal. Tenant shall be responsible for all fees, costs and expenses associated with installation and removal of Signs and Graphics. In the event any such fees, costs or expenses are incurred by Landlord (whether directly or indirectly), Landlord shall deliver to Tenant an invoice, with reasonable supporting documentation, and Tenant shall reimburse Landlord for those amounts within fifteen (15) days after receipt of such invoice. Notwithstanding anything in this Lease to the contrary, Landlord is not required to provide Signs and Graphics beyond the standards set forth in the Rules and Regulations. Under no circumstances shall Tenant install or operate lighted signage.

18.3 Waiver. No waiver of any default or breach hereunder shall be implied from any omission to take action on account thereof, notwithstanding any custom and practice or course of dealing. No waiver by either party of any provision under this Lease shall be effective unless in writing and signed by such party. No waiver shall affect any default other than the default specified in the waiver and then such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant shall not be construed as a waiver of any subsequent breach of the same.

18.4 Limitation of Liability. The obligations of Landlord under this Lease are not personal obligations of the individual officials, officers, agents or employees of Landlord, and Tenant shall look solely to the Premises for satisfaction of any liability of Landlord and shall not look to other assets of Landlord nor seek recourse against the assets of the individual officials,

officers, agents or employees of Landlord. Whenever Landlord transfers its interest, Landlord shall be automatically released from further performance under this Lease and from all further liabilities and expenses hereunder and the transferee of Landlord's interest shall assume all liabilities and obligations of Landlord hereunder from the date of such transfer.

18.5 Notices. All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal or courier delivery, or sent by facsimile (immediately followed by one of the preceding methods), to Landlord's Address and Tenant's Address, as applicable, as set forth in Item 1 and 2 of the Basic Lease Information, or to such other place as Landlord or Tenant may designate in a written notice given to the other party. Notices shall be deemed served upon the earlier of receipt or three (3) days after the date of mailing.

18.6 Brokerage Commission. Landlord and Tenant each represents that neither has been represented by any broker in connection with this Lease, and that no real estate broker's commission, finder's fee or other compensation ("Commission") is due or payable. Tenant agrees to indemnify and hold harmless Landlord from any claims or liability, including reasonable attorneys' fees, in connection with a claim by any person for a Commission based upon any statement, representation or agreement of Tenant.

18.7 Authorization. Each individual or entity executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant and that such execution is binding upon Tenant.

18.8 Holding Over; Surrender.

18.8.1 Holding Over. If Tenant holds over the Premises or any part thereof after expiration or earlier termination of the Term, such holding over shall constitute a month-to-month tenancy, at a rent equal to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over and shall otherwise be on all the other terms and conditions of this Lease. This section shall not be construed as Landlord's permission for Tenant to hold over. Acceptance of Rent by Landlord following expiration or termination shall not constitute a renewal of this Lease or extension of the Term except as specifically set forth above. If Tenant fails to surrender the Premises upon expiration or earlier termination of this Lease, Tenant shall indemnify and hold Landlord harmless from and against all loss or liability resulting from or arising out of Tenant's failure to surrender the Premises, including, but not limited to, any amounts required to be paid to any tenant or prospective tenant who was to have occupied the Premises after the expiration or earlier termination of this Lease and any related attorneys' fees and brokerage commissions.

18.8.2 Surrender. Upon the termination of this Lease or Tenant's right to possession of the Premises, Tenant will surrender the Premises, together with all keys, in good condition and repair, reasonable wear and tear excepted. Conditions existing because of Tenant's failure to perform maintenance, repairs or replacements shall not be deemed "reasonable wear and tear."

18.9 Joint and Several. If Tenant consists of more than one person, the obligation of all such persons shall be joint and several.

18.10 Compliance with Law. Tenant and its officers, employees, agents and assigns shall be bound by and comply with all applicable federal, state and local laws, statutes, ordinances, administrative orders, rules or regulations relating to its duties, obligations, rights and performance under the terms of this Lease.

18.11 Covenants and Conditions. Each provision to be performed by Tenant hereunder shall be deemed to be both a covenant and a condition. This Lease shall be construed as though the covenants between Landlord and Tenant are independent and not dependent. Tenant expressly waives the benefit of any statute to the contrary, and agrees that even if Landlord fails to perform its obligations under this Lease, Tenant shall not be entitled to make repairs or perform any acts at Landlord's expense, or to any setoff against Rent or other amounts owing under this Lease against Landlord.

18.12 Force Majeure. A Party shall not be considered to be in default or breach of this Agreement, and shall be excused from performance or liability for damages to the other Party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Lease, arising out of or from any action, inaction, order, ruling, moratorium, regulation, statute, condition or other decision of any governmental agency having jurisdiction over any portion of the Property, over the construction anticipated to occur thereon or over any uses thereof, or by fire, flood, inclement weather, strikes, lockouts or other labor or industrial disturbance (whether or not on the part of agents or employees of either party hereto engaged in the construction of the Premises), civil disturbance, epidemic, pandemic, quarantine, order of any government, court or regulatory body claiming jurisdiction or otherwise, acts of terrorism, act of public enemy, war, riot, sabotage, blockade, embargo, failure or inability to secure materials, supplies or labor through ordinary sources by reason of shortages or priority, discovery of hazardous or toxic materials, earthquake, or other natural disaster, or any cause whatsoever beyond the reasonable control (*excluding financial inability*) of the party whose performance is required, or any of its contractors or other representatives, whether or not similar to any of the causes hereinabove stated.

Any Party claiming a Force Majeure event shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Force Majeure event. Each Party shall use its best efforts to mitigate the effects of such Force Majeure event, remedy its inability to perform, and resume full performance of its obligations hereunder. A Party suffering a Force Majeure event ("Affected Party") shall notify the other Party ("Non-Affected Party") in writing ("Notice of Force Majeure Event") as soon as reasonably practicable specifying the cause of the event, the scope of commitments under the Agreement affected by the event, and a good faith estimate of the time required to restore full performance. Except for those commitments identified in the Notice of Force Majeure Event, the Affected Party shall not be relieved of its responsibility to fully perform as to all other commitments in the Agreement. If the Force Majeure event continues for a period of more than 90 days from the date of the Notice of Force Majeure Event, the Non-Affected Party shall be entitled, at its sole discretion, to terminate the Agreement.

For the avoidance of doubt, Force Majeure shall not include a party's financial inability to perform its obligations hereunder. Notwithstanding the preceding, upon the occurrence of a Force Majeure event, Landlord may, at Landlord's sole discretion, reduce the amount of rent due during the Force Majeure event, provided, however, that the amount of any such reduction shall be repaid in monthly installments during the remainder of the term of the Lease following the cessation of the Force Majeure event. Any unpaid balance at the end of the term of the Lease shall be due and payable in full.

18.13 Rights to Terminate. Both Tenant and Landlord may terminate this Lease upon sixty (60) days' prior written notice, only on the grounds of a material default of the Lease. Notwithstanding the foregoing, Landlord may terminate this Lease absent a material default in the event that Landlord determines that the Premises require repair or restoration, Landlord may terminate this Lease upon sixty (60) days' prior written notice to Tenant. In the event that the Lease obligations become a demonstrable financial burden on Tenant, Tenant and Landlord agree to negotiate an alternative rent structure or lease termination. Landlord may terminate this Lease upon sixty (60) days' prior written notice in the event of an irreconcilable conflict between this Lease and any lease, license, or other documented property right or permission to possess and occupy between the Landlord and the Commission, or in the event of the termination of Landlord's right or permission to possess and occupy the tidal and submerged lands.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date,

City of Pacifica

Paul Kukielka and Amy Kukielka,
sole proprietors, dba Chit Chat Cafe

By: _____

By: _____

City Manager

Name: _____

Title: _____

ATTEST:

By: _____

Name: _____

Title: _____

By: _____

City Clerk

Approved as to form:

By: _____

City Attorney

EXHIBIT A



Exhibit A-1

EXHIBIT B

RULES AND REGULATIONS

Tenant shall comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of these Rules and Regulations.

1. Locks; Keys. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys shall be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord.
2. Admission to Building. Landlord and its agents shall not be liable for damages for any error concerning the admission to, or exclusion from, the Building of any person. Landlord reserves the right, in the event of invasion, mob, terrorist event, riot, public excitement, or other commotion, to prevent access to the Building or Property during the continuance of that event by any means it considers appropriate for the safety and protection of life and property.
3. Requirements of Tenant. Any special requirements of Tenant not set forth as an obligation of Landlord under the Lease will be considered only upon written application to Landlord at Landlord's address set forth in the Lease. Landlord's employees shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.
4. Use of Plumbing Facilities: Responsibility for Damage. The plumbing facilities (including but not limited to any and all restrooms, toilets, urinals, wash bowls, drains, and other apparatus) shall be used for no purpose other than that for which they were constructed, and no foreign substance of any kind shall be thrown into them. The expense of any breakage, stoppage, or damage resulting from violation of this rule shall be borne by the tenant who caused, or whose employees or agents caused, the breakage, stoppage, or damage.
5. Inflammable or Combustible Fluids or Materials: Foul or Noxious Gases or Substances: Nontoxic Materials. Tenant shall not use, or keep, or allow to be used or kept, in or on the Property or any portion thereof, any foul or noxious gas or substance, kerosene, gasoline, or other inflammable or combustible fluid or material, except those used in the normal course of a café use, stored and disposed of in compliance with all applicable Hazardous Materials Laws. All materials, fabrics, and products used in Tenant's furnishings, wall and floor coverings, and ceiling installations shall be nontoxic and subject to the prior approval of Landlord's architect or engineer. Nothing contained here is intended or shall be construed to alter or diminish any obligations of Tenant under any portion(s) of its Lease addressing environmental matters and compliance, indemnities, Hazardous Materials Laws, Hazardous Materials, or similar matters, or compliance with laws, ordinances, regulations, codes and other governmental requirements.

6. Exclusion or Expulsion. Landlord reserves the right to exclude or expel from the Property or any portion thereof any person who, in Landlord's judgment, is under the influence of alcohol or drugs or commits any act in violation of any of these Rules and Regulations.
7. Smoking; Illegal Substances. Smoking of tobacco products and use of illegal substances is strictly prohibited in or within 20 feet of the doors of the Premises or any portion thereof as per state law.
8. Operation of Electricity, Water and Air-Conditioning. Tenant shall not waste electricity, water, or air-conditioning and shall cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air-conditioning system, if any.
9. Compliance With Safety Regulations. Tenant shall comply with all safety, fire protection, and evacuation procedures and regulations established by Landlord or by any government agency. Nothing contained here is intended or shall be construed to alter or diminish any obligations of Tenant under any portion(s) of its Lease addressing compliance with laws, ordinances, regulations, codes and other governmental requirements.
10. Extermination. Tenant agrees not to permit the extermination of vermin to be performed in, on or about the Property or any portion thereof except by a person or company reasonably designated by Landlord and at times reasonably designated by Landlord.
11. Obstructions. Tenant and Tenant's employees shall not in any way unreasonably obstruct any sidewalks, entry passages, pedestrian passageways, driveways, entrances and exits to the Building or Property, and they shall use the same only as passageways to and from the Premises. At no time shall Tenant, its employees or agents be permitted to conduct work activity (except for normal loading and unloading of vehicles) nor store wooden pallets, boxes, goods or other materials outside the confines of Tenant's Premises.
12. Compliance With Insurance Requirements, Warranties. Tenant shall not do anything in the Premises, or bring or keep anything therein, which will in any way increase or tend to increase the risk of fire or the rate of fire insurance or similar coverage carried or available to Landlord as set forth in Section 6.1 of the Lease, or which shall conflict with the regulations of the fire department or the law or with any insurance policy on the Premises or any part thereof, or with any rules or regulation established by any administrative body or official having jurisdiction. Tenant shall promptly comply with the reasonable requirements of any board of fire insurance underwriters or other similar body now or hereafter constituted. Tenant shall not take any action which would abrogate any warranties.
13. Title Encumbrances. Tenant shall not do any act which shall in any way encumber the title of Landlord in and to the Property or any portion thereof.
14. Disposal of Trash and Garbage. Tenant shall store all trash and garbage within the interior of the Premises, except with Landlord's consent. Tenant shall not place or have placed in the trash boxes or receptacles any material that may not or cannot be disposed of in the ordinary and customary manner of removing and disposing of trash in the vicinity of the Building. In disposing of trash and garbage, Tenant shall comply fully with any law or

ordinance governing that disposal. All trash, garbage, and refuse disposal shall be made only through routes and at times designated by Landlord.

15. Provision of Information to Tenant's Employees. Tenant shall comply with requests by Landlord that Tenant inform Tenant's employees and agents of items of importance to Landlord.

16. Prohibited Uses and Activities.

16.1 Any use, operation or activity which causes or produces any discharges of noxious, toxic, hazardous or corrosive fumes or gases into the air;

16.2 Any use, operation or activity which causes or produces any noise or sound that, because of excessive or unusual volume, duration, intermittence, beats, frequency, or pitch is objectionable to Occupants, customers or visitors to the Property or any portion thereof;

16.3 Any use, operation or activity which causes or produces any excessive smoke emission;

16.4 Any use, operation or activity which causes or produces the attraction of flies, insects, rodents or other animals, or the creation or emission of dust or dirt, except for normal and reasonable café use;

16.5 Any use, operation or activity which causes or produces any emission of any air pollutants in violation of any state or federal standards, or the discharge of toxic substances or hazardous waste material into any sewer system or storm drain serving the Property in a manner that will result in any leaching into the soil, or release into the atmosphere or water table;

16.6 Hazardous or unsafe uses by reasons of danger of fire or explosion, or uses that will increase the fire hazard rating on the Property or other properties, or uses objectionable or offensive to the Property or adjoining properties;

16.7 Uses in violation of any applicable laws, orders, rules or regulations of any governmental authority, including applicable zoning and land-use laws and ordinances of the City;

16.8 Any construction, erection, or placement of ornamentation or other objects or equipment, permanently or temporarily, on the outside portions of the Property, whether such portion is improved or unimproved, except as specifically permitted by Landlord; and

16.9 Additional prohibited uses as determined by Landlord from time to time.

17. Conflict. In the event of any conflict between these Rules and Regulations or any further or modified Rules and Regulations from time to time issued by Landlord and the Lease provisions, the Lease shall govern and control.









For Signature: ResolutionNo05-2022_Approving ChitChatLeaseAgreement-Kukielka

Final Audit Report

2022-01-31

Created:	2022-01-28
By:	Sarah Coffey (scoffey@pacifica.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAA0A7V3La2WVAXGDpBiraXsneCET0bg7Q

"For Signature: ResolutionNo05-2022_ApprovingChitChatLease Agreement-Kukielka" History

-  Document created by Sarah Coffey (scoffey@pacifica.gov)
2022-01-28 - 7:41:01 PM GMT
-  Document emailed to Mary K. Bier (mbier@pacifica.gov) for signature
2022-01-28 - 7:42:27 PM GMT
-  Email viewed by Mary K. Bier (mbier@pacifica.gov)
2022-01-30 - 5:41:38 AM GMT
-  Document e-signed by Mary K. Bier (mbier@pacifica.gov)
Signature Date: 2022-01-30 - 5:42:19 AM GMT - Time Source: server
-  Document emailed to Sarah Coffey (scoffey@pacifica.gov) for signature
2022-01-30 - 5:42:21 AM GMT
-  Email viewed by Sarah Coffey (scoffey@pacifica.gov)
2022-01-31 - 4:50:42 PM GMT
-  Document e-signed by Sarah Coffey (scoffey@pacifica.gov)
Signature Date: 2022-01-31 - 4:50:59 PM GMT - Time Source: server
-  Agreement completed.
2022-01-31 - 4:50:59 PM GMT